

## Message Text

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TO SECSTATE WASHDC IMMEDIATE 2390

C O N F I D E N T I A L WARSAW 9352

NODIS

E.O. 11652: GDS

TAGS: OVIP EFIN PL (KISIEL, HENRYK)

SUBJ: WASHINGTON VISIT OF POLISH MINISTER OF FINANCE KISIEL

REF: STATE 304600

1. FINANCE MINISTER HENRYK KISIEL RETURNED TO WARSAW DECEMBER 23. AT THE AIRPORT, HE TOLD HIS COLLEAGUES (INCLUDING AMBASSADOR TRAMPCZYNSKI, WHO ARRIVED WITH HIM) AND ME THAT HE THINKS THE USG MAY BE READY TO GRANT POLAND A TOTAL OF \$500 MILLION WORTH OF CCC CREDITS (INCLUDING THE \$300 MILLION ALREADY GRANTED), TO BE REPAID IN A LUMP SUM AT THE END OF THREE YEARS.

2. KISIEL WAS VERY PLEASED, INDEED, WITH HIS MEETINGS IN WASHINGTON. HE SAID THAT SECRETARY BLUMENTHAL HAD BEEN CORDIAL. KISIEL SAID THAT, WHEN HE TALKED ABOUT THE POSSIBILITY THAT CCC CREDITS DRAWN DOWN BY POLAND IN THE CURRENT FISCAL YEAR MIGHT BE REPAID IN A LUMP SUM AT THE END OF THREE YEARS, SECRETARY BLUMENTHAL HAD "NOT SAID ANYTHING AGAINST THIS." ASSISTANT SECRETARY SOLOMON, HE HAD SAID, HAD BEEN "MORE CAUTIOUS" AND HAD ASKED WHETHER POLAND COULD NOT PAY BACK ONE-THIRD AT THE END OF TWO YEARS AND TWO-THIRDS AT THE END OF THE THREE-YEAR PERIOD. KISIEL SAID HE HAD REPLIED THAT, OF COURSE, THAT COULD BE DONE, "BUT I SAID WE WOULD RATHER WAIT TO MAKE REPAYMENT AT THE END OF THREE YEARS."

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3. WHEN HE SAW UNDER SECRETARY COOPER, KISIEL SAID, AGAIN "NOTHING HAD BEEN SAID AGAINST THIS." UNDER SECRETARY COOPER HAD SAID THAT SUCH DEFERRALS HAD NOT BEEN CUSTOMARY IN THE PAST, BUT KISIEL HAD GAINED THE IMPRESSION THAT THERE WAS REALLY NO REASON WHY THEY COULD NOT BE GRANTED, IF THE PRESIDENT DECIDED TO DO SO.

4. I SAID I WOULD EXPECT THE PRESIDENT TO ACT ONLY FOLLOWING A PRC RECOMMENDATION TO HIM TO TAKE THIS STEP, SINCE THE ADMINISTRATION WOULD HAVE TO DEFEND ITS ACTION IN CONGRESS. KISIEL WAS PREPARED TO ADMIT THAT THIS COULD BE THE CASE; HE APPEARED TO HAVE NO CLEAR COMPREHENSION OF THE BUREAUCRATIC PROCESS INVOLVED, BUT SEEMED TO FEEL THAT THE GAME WAS ALREADY NEARLY WON.

5. KISIEL SPOKE WARMLY ABOUT HIS MEETINGS WITH SECRETARY KREPS AND EXIMBANK PRESIDENT MOORE, BOTH OF WHICH HE REGARDED AS USEFUL (POZYTECZNE -- THE ONE WORD WHICH HE REPEATED OVER AND OVER AGAIN IN DESCRIBING HIS VISIT; IT HAS THE CONNOTATION "PROFITABLE").

6. FINALLY, KISIEL SAID, IT WAS GOOD THAT HE, PERSONALLY, HAD TAKEN THE FINANCIAL INFORMATION TO WASHINGTON AND TURNED IT OVER PERSONALLY, BECAUSE THERE WERE QUESTIONS ABOUT IT, MOST OF THEM, HE SAID, ARISING FROM A LACK OF FAMILIARITY IN THE USG WITH TECHNICAL POLISH FINANCIAL AND COMMERCIAL TERMINOLOGY. UNDER SECRETARY COOPER HAD SENT FOUR DIRECTORS TO SEE HIM AT THE POLISH EMBASSY IN THE EVENING OF DECEMBER 22, ONE FROM THE DEPARTMENT OF STATE, ONE FROM THE TREASURY, ONE (HE THOUGHT) FROM AGRICULTURE, AND ONE FROM EXIMBANK. HE HAD BEEN ABLE TO EXPLAIN EVERYTHING SATISFACTORILY TO THESE DIRECTORS (BY WHOSE TECHNICAL EXPERTNESS HE WAS OBVIOUSLY VERY MUCH IMPRESSED) AND, FINALLY, HE SAID, THEY HAD TOLD HIM THAT THEY THOUGHT THE POLISH CONFIDENTIAL

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GOVERNMENT'S PROJECTIONS FOR THE PERIOD THROUGH 1980 WERE "REALISTIC." THE IMPRESSION THAT THE DIRECTORS HAD PUT A SORT OF GOOD HOUSEKEEPING SEAL OF APPROVAL ON THE INFORMATION HE HAD TURNED OVER CLEARLY REINFORCED HIS FEELING THAT THE U.S. GOVERNMENT WAS GOING TO APPROVE A SIGNIFICANT DEFERRAL OF REPAYMENT ON THE \$500 MILLION CCC CREDIT.

7. KISIEL SAID THAT SECRETARY BLUMENTHAL HAD LAID HEAVY STRESS ON THE DESIRABILITY OF POLISH MEMBERSHIP OF THE IMF. HE WAS IMPRESSED BY THE SECRETARY'S EMPHASIS, BUT REPEATED TO ME ONCE MORE ALL THE REASONS WHY POLAND COULD NOT JOIN NOW. "WE HAVE TO PROCEED IN AGREEMENT WITH OUR (COMECON) PARTNERS," HE SAID.

8. KISIEL SAID THAT SECRETARIES BLUMENTHAL, SOLOMON, AND COOPER HAD PRESSED HIM FOR THE FIGURES ON RESERVES AND INTRA-COMECON INDEBTEDNESS, WHICH HE WAS UNABLE TO GIVE. WHEN THE SECRETARIES ASKED WHEN HE WOULD BE ABLE TO GIVE THESE, KISIEL SAID HE THOUGHT IT WOULD BE POSSIBLE TO DO SO "SOON", PROVIDED THE INFORMATION WERE HELD IN THE STRICTEST CONFIDENCE. HE SAID UNDER SECRETARY COOPER HAD NAMED A "VERY RESTRICTED NUMBER" OF USG OFFICIALS TO WHOM THIS INFORMATION WOULD BE MADE AVAILABLE.

9. INTELLECTUALLY, KISIEL APPEARED TO RECOGNIZE THE FORCE OF WHAT I KEPT TRYING TO TELL HIM, THAT, IN MY UNTUTORED VIEW, THE FIGURES HE HAD TURNED OVER WOULD HAVE TO BE STUDIED AND A RATHER COMPLICATED BUREAUCRATIC PROCESS COMPLETED BEFORE A FIRM RECOMMENDATION COULD BE MADE TO THE PRESIDENT. I SAID I WAS SIMPLY NOT SURE THAT THIS WOULD BE COMPLETED BEFORE THE PRESIDENT ARRIVED. IF THAT INTELLECTUAL PERCEPTION IS INDEED PRESENT IN KISIEL'S MIND, IT IS VERY MUCH COLORED BY AN EMOTIONAL CONVICTION IN WHICH THE WISH IS FATHER TO THE THOUGHT. KISIEL SEEMS TO BELIEVE THAT THE PRESIDENT WILL NOT ONLY COME TO WARSAW ON DECEMBER 29 WITH THE APPROVAL FOR THE ADDITIONAL \$200 MILLION IN CCC CREDITS IN HIS POCKET, BUT ALSO READY TO TELL THE POLES, AT WORST, THAT THEY CAN REPAY ONE-THIRD OF THE TOTAL \$500-MILLION CREDIT AT THE END OF CY-1979 AND THE REMAINING TWO-THIRDS  
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BY THE END OF 1980, OR, AT BEST, THAT NOTHING NEED BE REPAID BEFORE THE END OF CY-1980.

10. COMMENT. IF KISIEL'S PERCEPTION OF USG INTENTIONS IS NOT ACCURATE AND THE PRESIDENT IS NOT GOING TO BE ABLE TO SUSTAIN THESE HOPES, IT WOULD BE PREFERABLE IF WE WERE ABLE TO CONVEY A MORE PRECISE PICTURE AS SOON AS POSSIBLE, SO THAT THE LET-DOWN DURING THE PRESIDENT'S MEETING WITH THE FIRST SECRETARY AND HIS COLLEAGUES WILL NOT BE TOO ABRUPT.

11. I ASSUME THAT THE \$200 MILLION IN ADDITIONAL CCC CREDITS WILL BE APPROVED. THE BIG SHOCK TO THE POLES WOULD BE OUR INABILITY TO LET THEM DEFER ANY PAYMENT UNTIL AT LEAST THE END OF 1979. END COMMENT.  
DAVIES

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